

Message Text

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53

ACTION AF-18

INFO OCT-01 ISO-00 EB-11 AID-20 COME-00 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /062 W
----- 063389

R 061538Z DEC 73

FM AMEMBASSY LAGOS

TO AMEMBASSY ABIDJAN

INFO SECSTATE WASHDC 2001

UNCLAS LAGOS 9740

E.O. 11652: N/A

TAGS: EFIN, NI

SUBJECT: PAYMENT TERMS FOR GENERAL ELECTRIC TURBINE POWERPLANT

REF: ABIDJAN 8373 NOTAL

1. EMBASSY AND LOCAL BANKERS AWARE OF NO PROVISION IN 1962 EXCHANGE CONTROL ACT WHICH WOULD PRESENT PROBLEMS FOR GENERAL ELECTRIC SALE OF POWERPLANTS. FEDERAL LEGAL NOTICE OF 1972 DID, HOWEVER, IMPOSE "MINIMUM CREDIT TERMS WHICH SHOULD BE OBTAINED FOR IMPORTED PLANT AND MACHINERY VALUED AT OVER NAIRA 100 THOUSAND." THIS NOTICE (POUCHED ABIDJAN) IMPOSED COMPULSORY TIME PAYMENTS SYSTEM FOR LARGE CAPITAL GOODS IMPORTS, WHEREBY 15 PERCENT PAYABLE IN FOREIGN EXCHANGE AT SIGNING OF CONTRACT, 15 PERCENT PAYABLE ON DELIVERY, AND BALANCE OF 70 PERCENT PAYABLE OVER FOUR YEAR PERIOD IN CASES OF CAPITAL IMPORTS VALUED AT OVER DOLLARS 3 MILLION. BANKING SOURCES BELIEVE EXEMPTION FROM THIS REQUIREMENT WOULD REQUIRE DIRECT DEMARCHE BY NEPA WITH EXCHANGE CONTROL AUTHORITIES.

2. AS NOTED IN RECENT EMBASSY TALKS WITH ABIDJAN-BASED G.E. REP, USUAL IMPORT FUNDING PROCEDURE BY GOVERNMENT CORPORATIONS AND MINISTRIES HAS BEEN FOR PURCHASER TO ARRANGE WITH CENTRAL BANK OR ITS COMMERCIAL BANK FOR ISSUANCE OF L/C TO SUPPLIER. EMBASSY UNAWARE OF MOTIVE BEHIND NIGERIAN ELECTRIC POWER AUTHORITY'S RELUCTANCE TO USE NORMAL L/C ROUTE.

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: SALES, GOVERNMENT PROCUREMENT, HYDROELECTRIC POWER PLANTS
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Copy: SINGLE
Draft Date: 06 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
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